



FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

OFFICE OF  
THE CHAIRMAN

December 16, 2015

The Honorable Dan Newhouse  
U.S. House of Representatives  
1641 Longworth House Office Building  
Washington, D.C. 20515

Dear Congressman Newhouse:

Thank you for your letter expressing your concern about the potential negative impact on the State of Washington that could arise from the Commission's adoption of the Alternative Connect America Cost Model (A-CAM). In particular, you are concerned that there would be a significant reduction in total high-cost support for rate-of-return companies in the state of Washington if A-CAM were used to calculate their support. Your views are very important and will be included in the record of the proceeding and considered as part of the Commission's review.

In April 2014, the Commission proposed a transition framework for a voluntary election by rate-of-return carriers to receive model-based support, and tentatively concluded that such a framework could achieve important universal service benefits by creating incentives for deployment of voice and broadband-capable infrastructure. At that time, the Commission directed the Wireline Competition Bureau (Bureau) to incorporate the results of the study area boundary data collection in the Connect America Cost Model and to make such other adjustments as appropriate for use of that model in areas served by rate-of-return carriers.

In your letter, you stress that any forward-looking cost model adopted by the Commission for small rate-of-return companies should recognize the unique characteristics of these rural companies. I could not agree more. Although the cost model was originally developed for use in price cap areas, it always has included a size adjustment factor—based on rate-of-return company data—to scale operating expenses for “small, x-small, and xx-small” companies, and has reflected cost differences based on density. The Bureau has been further refining A-CAM since the first version was released nearly a year ago and, among other things, has incorporated rate-of-return study area boundaries and central office locations submitted by rate-of-return companies. I expect the next version of A-CAM will include company-specific inputs for plant mix (the ratios of aerial, buried and underground outside plant) also based on submissions by rate-of-return companies.

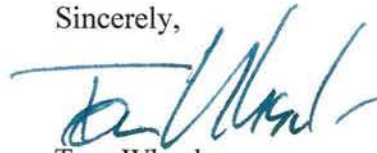
With respect to your concern regarding a reduction in high-cost support for carriers in your state, you correctly observe that receiving support based on the model is optional. I note that under the most recent illustrative A-CAM results, almost half of the rate-of-return carriers in Washington (eight out of eighteen) would receive more support from the model than they currently receive from the legacy funding mechanisms, rather than less. Those eight companies

generally have less broadband deployment than the other ten companies, and the additional support could increase access to broadband in these areas. While work on the model continues, and the final numbers may vary to some extent, these results suggest that this policy option could be beneficial to your state.

Finally, in considering additional reforms impacting carriers that remain on traditional rate-of-return support mechanisms, we are looking at reforms that will transition outdated mechanisms to support broadband networks, while accommodating the divergent interests of all the stakeholders.

I appreciate your interest in this matter. Please let me know if I can be of any further assistance.

Sincerely,



Tom Wheeler





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FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

December 16, 2015

The Honorable Dave Reichert  
U.S. House of Representatives  
1127 Longworth House Office Building  
Washington, D.C. 20515

Dear Congressman Reichert:

Thank you for your letter expressing your concern about the potential negative impact on the State of Washington that could arise from the Commission's adoption of the Alternative Connect America Cost Model (A-CAM). In particular, you are concerned that there would be a significant reduction in total high-cost support for rate-of-return companies in the state of Washington if A-CAM were used to calculate their support. Your views are very important and will be included in the record of the proceeding and considered as part of the Commission's review.

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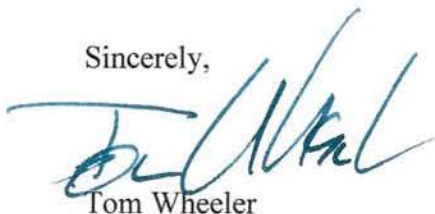
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Sincerely,

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Tom Wheeler





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FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

December 16, 2015

The Honorable Adam Smith  
U.S. House of Representatives  
2264 Rayburn House Office Building  
Washington, D.C. 20515

Dear Congressman Smith:

Thank you for your letter expressing your concern about the potential negative impact on the State of Washington that could arise from the Commission's adoption of the Alternative Connect America Cost Model (A-CAM). In particular, you are concerned that there would be a significant reduction in total high-cost support for rate-of-return companies in the state of Washington if A-CAM were used to calculate their support. Your views are very important and will be included in the record of the proceeding and considered as part of the Commission's review.

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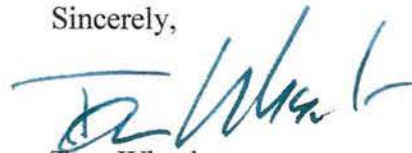
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Tom Wheeler





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December 16, 2015

The Honorable Suzan DelBene  
U.S. House of Representatives  
318 Cannon House Office Building  
Washington, D.C. 20515

Dear Congresswoman DelBene:

Thank you for your letter expressing your concern about the potential negative impact on the State of Washington that could arise from the Commission's adoption of the Alternative Connect America Cost Model (A-CAM). In particular, you are concerned that there would be a significant reduction in total high-cost support for rate-of-return companies in the state of Washington if A-CAM were used to calculate their support. Your views are very important and will be included in the record of the proceeding and considered as part of the Commission's review.

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Tom Wheeler





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OFFICE OF  
THE CHAIRMAN

December 16, 2015

The Honorable Jaime Herrera Beutler  
U.S. House of Representatives  
1130 Longworth House Office Building  
Washington, D.C. 20515

Dear Congresswoman Herrera Beutler:

Thank you for your letter expressing your concern about the potential negative impact on the State of Washington that could arise from the Commission's adoption of the Alternative Connect America Cost Model (A-CAM). In particular, you are concerned that there would be a significant reduction in total high-cost support for rate-of-return companies in the state of Washington if A-CAM were used to calculate their support. Your views are very important and will be included in the record of the proceeding and considered as part of the Commission's review.

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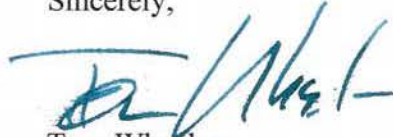
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Tom Wheeler





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OFFICE OF  
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December 16, 2015

The Honorable Cathy McMorris Rodgers  
U.S. House of Representatives  
203 Cannon House Office Building  
Washington, D.C. 20515

Dear Congresswoman McMorris Rodgers:

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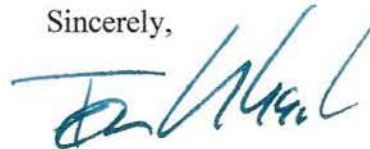


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Tom Wheeler